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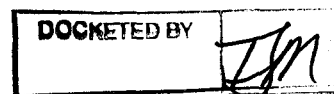
January 25, 2013 2013 JAN 25 PM 2 51

**CERTIFIED MAIL**

Arizona Corporation Commission  
**DOCKETED**

JAN 25 2013

Mr. David Schofield, General Manager  
Adaman Mutual Water Company  
1651 West Glendale Avenue  
Litchfield Park, Arizona 85340-9524



RE: ADAMAN MUTUAL WATER COMPANY – APPLICATION FOR A RATE  
INCREASE, DOCKET NO. W-01997A-12-0501

**LETTER OF DEFICIENCY**

Dear Mr. Schofield:

In reference to your rate application received on December 28, 2012, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until February 11, 2013, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

Also, separate from the deficiencies listed on the attachment, Staff has the following data requests:

**DATA REQUESTS**

1. With regards to required water tests (outside of MAP), please provide the following information:

- a) List all water tests required for the Adaman distribution systems (such as Total coliform, Lead & Copper, Nitrate, Arsenic, TTHM, HAA5, etc.);
  - b) Monitoring cycle (monthly, quarterly, yearly, per three-year, etc.);
  - c) Number of tests per monitoring cycle;
  - d) Cost per test.
2. Referring to plant repairs and improvements listed in the last rate case's Finance Request (Decision No. 59739, Finding of Fact No.6). Please complete information tabulated below:

Plant Improvements	Estimated Cost	Actual Cost	Date of Completion	Date of Deletion from plant-in-service (if any)	Date of Plant Retirement (if any)
Well Rehabilitation	\$ 61,000	\$			
Engineering	\$ 15,525	\$			
Refinish Storage Tank	\$ 16,500	\$			
Replace Pressure Tank	\$ 12,500	\$			
Re-pipe for Storage Re-finish	\$ 8,050	\$			
Chlorination and Housing	\$ 14,600	\$			
Total	\$ 128,175	\$			

3. Please state what is the maximum capacity of the water supply to the distribution system after the arsenic treatment and blending. For example, 800GPM.

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The Staff person assigned to your application is Crystal Brown. She can be reached at (602) 542-0864, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,



James Armstrong  
Chief of Financial & Regulatory Analysis  
Utilities Division

**ADAMAN MUTUAL WATER COMPANY**  
**DOCKET NO. W-01997A-12-0501**  
**DEFICIENCY LIST**

1. Page 9, Current and Proposed Rates and Charges – Please provide the rates you propose to charge the City of Goodyear on p. 9 of the application.
  2. Metered Water Revenue – Based on the bill count provided, Staff calculated metered revenue of \$215,467. However, the income statement shows metered revenue of \$320,313. Please provide your general ledger and revenue by customer class (i.e. meter size).
  3. Salaries and Wages Expense – Please provide a breakdown by name, position, and duties for the Salaries and Wages expense (Account No. 601).
  4. Purchased Water Expense– Please provide invoices for purchased water expense incurred during the test year (Account No. 610).
  5. Purchased Power Expense– Please provide invoices for purchased power expense incurred during the test year (Account No. 615).
  6. Outside Services Expense – Please provide invoices for outside service expense in excess of \$150 incurred during the test year (Account No. 630).
  7. Water Testing Expense – Please provide invoices for water testing expense incurred during the test year (Account No. 635).
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8. Property Tax Expense – Please provide property tax statements from the county to support property tax expense incurred during the test year (Account No. 408.11).